

Exhibit A

CALIF. MAN CHARGED WITH FRAUD

Sources: \$11M scheme bilked New Yorkers

BY ROBERT E. KESSLER
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A California man was arrested Monday on charges of cheating investors out of about \$11 million in a cryptocurrency scheme that used celebrities, including actor Steven Seagal, to endorse the business, according to court papers and sources.

Among the victims of John DeMarr, 55, of Santa Ana, California, were unnamed residents of the Eastern District of New York, which includes Long Island, Brooklyn, Queens and Staten Island, court papers said.

DeMarr, who promised in-

vestors significant returns, will be arraigned in federal District Court in Brooklyn at a later date after a removal hearing at a federal court in California.

Instead of using investors' money for the supposed cryptocurrency companies, known as "Start Options" and "B2G," DeMarr "spent the money on a lavish lifestyle he maintained, which included the purchase of expensive jewelry, a Porsche and the remodeling of his California home," officials said.

The scheme operated from November 2017 to May 2018, officials said.

When angry investors, who had been promised large returns, tried to track him down and get their money back, DeMarr had associates spread false stories that he had been robbed of millions of dollars when he disappeared in Mon-

tenegro in May 2018, officials said. In fact, DeMarr had been living in California, officials said.

"DeMarr made misrepresentations and false promises that coaxed investors into pouring millions of dollars into fraudulent cryptocurrency schemes, all to facilitate his extravagant lifestyle," acting U.S. Attorney for the Eastern District Seth DuCharme said in a statement. "We will continue to root out and prosecute those who would cheat investors to line their own pockets."

Seagal was not charged in the criminal case, and he was not identified by name in the DeMarr complaint. But sources identified him as one of the celebrity endorsers.

Seagal settled civilly in February with the Securities and Exchange Commission for a

\$300,000 penalty for promoting DeMarr's operation, a spokesman for the actor and court papers have said.

Seagal was accused of violating the anti-touting provisions of federal law for not disclosing he was being paid to endorse a part of DeMarr's business, officials said.

A spokesman for Seagal said at the time he "became concerned" and eventually dropped out of his role.

Another celebrity endorser used to promote DeMarr's scheme was Andrew Bogut, a former NBA professional basketball player, sources said. But he had nothing to do with DeMarr's operation, and his name and picture were used without his permission, sources said.

DeMarr's attorney could not be reached for comment.

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Hearing postponed for 2017 MS-13 killings

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The case of a woman accused of helping lure four men to their deaths in a Central Islip park in 2017 as a teenage member of MS-13, was continued Tuesday after federal prosecutors and a defense attorney said they had not worked out a plea deal.

In a telephone hearing, U.S. Appellate Court Judge Joseph Bianco ordered the continuance in the case of Leniz Escobar, who was 17 and known as "Diablita" in 2017 when, as he described previously, the four victims were "murdered with machetes, knives and tree limbs."

Normally, Escobar, of Central Islip, who prosecutors said was given her nickname — Spanish for "Little Devil" — by the gang, would have been tried as a juvenile for her role in the killings because of her age at the time.

But Bianco, based in Central Islip federal court, ruled in 2018 that Escobar should be tried as an adult because of her prominent role in the killings, including instigating them, and her actions afterward. Had Escobar been tried as a juvenile, she could only be imprisoned in a juvenile facility until age 21.

Bianco's ruling for adult status, on a motion by Eastern District federal prosecutors, was



Central Islip Community Park, where authorities say four victims of the MS-13 gang were killed.

subsequently upheld by the Second Circuit federal appeals court in Manhattan.

A juvenile who is converted to adult status in the federal system can face up to life in prison, if convicted, but not the death penalty.

In his ruling, Bianco noted that Escobar and another teenage girl, had lured the victims to Central Islip Community Park, supposedly to

smoke marijuana.

Before that, she and the other girl showed MS-13 members pictures of some of the victims flashing the gang's signs on social media, Bianco said. That was considered a sign of disrespect from non-gang members.

After the killings, Bianco also said, Escobar showed a lack of remorse and obstructed justice by destroying evidence.

Bianco concluded that Esco-

bar "is unlikely to be rehabilitated within [the five years permitted] in the juvenile justice system."

Escobar's defense attorney, Jesse Siegel, of Manhattan, has argued that Bianco, in converting her to adult status, failed to adequately consider his client's lack of a criminal record, her chance for rehabilitation, and gave too much weight to the charges, which have not been proved.

THIS DATE IN HISTORY

1865 President Abraham Lincoln and Confederate Vice President Alexander H. Stephens held a shipboard peace conference off the Virginia coast; the talks deadlocked over the issue of Southern autonomy.

1913 The 16th Amendment to the U.S. Constitution, providing for a federal income tax, was ratified.

1917 The United States broke off diplomatic relations with Germany, the same day an American cargo ship, the SS Housatonic, was sunk by a U-boat off Britain after the crew was allowed to board lifeboats.

1959 Rock and roll stars Buddy Holly, Ritchie Valens and J.P. "The Big Bopper" Richardson died in a small plane crash near Clear Lake, Iowa.

1966 The Soviet probe Luna 9 became the first manmade object to make a soft landing on the moon.

1988 The U.S. House of Representatives handed President Ronald Reagan a major defeat, rejecting his request for \$36.2 million in new aid to the Nicaraguan Contras by a vote of 219-211.